

# **FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)**

## **FEDERAL INSURANCE MITIGATION ADMINISTRATION (FIMA)**

### **APPEAL DECISION**

*FEMA Flood Insurance Appeal Decision #C42*

## **OVERVIEW**

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The policyholders filed an appeal on October 2020, alleging their flood insurance carrier (hereinafter “insurer”) improperly denied their claim under the Standard Flood Insurance Policy (SFIP)<sup>1</sup> for damages to covered property arising from a claimed loss event dated March 2020.<sup>2</sup>

In its review, FEMA found the following facts relevant:

- At the time of loss, the policyholders had \$30,400 of building coverage.
- The policyholders notified the insurer of the claimed loss event on August 14, 2020, over four months after the reported date of loss. The insurer issued the policyholders a reservation of rights letter for late reporting and assigned an adjuster to inspect the property.
- On August 2020, the adjuster inspected the property and found no interior or exterior water lines to the building. The adjuster also found no flood borne debris. The adjuster noted long-term water damage to the bathroom walls, ceilings, and window. The adjuster also noted evidence of long-term rotting to sagging floors within the building.
- In a letter dated August 2020, the insurer denied coverage due to no evidence of direct physical loss by or from flood.
- The policyholders appeal the insurer’s denial and contend flood water caused damage to their home. In support of their appeal, the policyholders include undated photographs of flood water in the street and lawn in front of the insured building.

## **RULES**

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The insurer agrees to pay the policyholders for direct physical loss by or from flood to covered property, provided the policyholders comply with all terms and conditions of the SFIP.<sup>3</sup>

When a policyholder believes a covered flood loss occurred, the SFIP requires the policyholders to give prompt written notice to the insurer.<sup>4</sup>

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<sup>1</sup> See 44 C.F.R. § 61.13 (2019); Dwelling Form available at 44 C.F.R. pt. 61 App. A(1) [hereinafter “SFIP”].

<sup>2</sup> The policyholders file this appeal under 44 C.F.R. § 62.20. The appeals process is available after the insurer issues a written denial, in whole or in part, of the policyholders’ claim. The policyholders’ appeal and related documents concerning the appeal, claim, or policy are on file with FEMA, Federal Insurance and Mitigation Administration, Federal Insurance Directorate, Policyholder Services Division, Appeals Branch [hereinafter “Appeal File”].

<sup>3</sup> See SFIP (I), (II)(B)(12).

<sup>4</sup> See SFIP (VII)(J)(1).

The SFIP requires the policyholders to provide a signed and sworn-to proof of loss and all bills, receipts, and related documentation fully supporting the amount claimed.<sup>5</sup>

## ANALYSIS

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The policyholders appeal the insurer's denial of coverage due to no evidence of direct physical loss by or from flood.

The SFIP requires the policyholders to promptly notify the insurer of the loss. Here, the policyholders reported the flood loss to the insurer over four months after the reported date of loss. By this late reporting, the policyholders deprived the insurer the opportunity to perform a timely inspection to determine the extent of damage caused directly by or from flood. As the period increases between a flood event and the notice of loss to the insurer, inspecting the flood loss and identifying direct physical loss by or from a flood event becomes increasingly difficult.

The insurer agrees to pay the policyholders for direct physical loss by or from flood. Here, the adjuster observed no exterior or interior water lines to the building. The policyholders' photographs show flood water in the front lawn and the street located in front of the building. FEMA's review finds that while the policyholders' photographs may suggest a flood occurred, the policyholders' photographs do not show the claimed damages were caused by or from flood. The policyholders submitted no photographs of the interior of the building on the claimed date of loss. The adjuster noted the damage to the ceiling, wall, and window damages indicates long-term water damage. The bathroom flooring shows evidence of sagging and rotting. The adjuster noted the bracing in the crawlspace under the sagging bathroom floor indicates the sagging floor is an ongoing problem. For these reasons, FEMA's review finds the policyholders' supporting photographs do not show the claimed damages were a direct physical loss by or from flood.

The SFIP requires the policyholders to provide a signed and sworn-to proof of loss and all bills, receipts, and related documentation fully supporting the amount claimed. If the policyholders still disagree with the insurer's denial of coverage, the policyholders should provide documentation directly to the insurer supporting the damaged items were a direct physical loss by or from the subject flood event.

Accordingly, FEMA's review finds the insurer properly denied coverage, as the evidence does not show the claimed damages were a direct physical loss by or from flood.

## CONCLUSION

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Based on the facts and analysis above, FEMA concurs with the insurer's decision to deny coverage due to no direct physical loss by or from flood.

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<sup>5</sup> See SFIP (VII)(J)(3)-(5).